

DECLARATION OF LYMAN SPURLOCK

I, LYMAN SPURLOCK, declare and say:

1. I have served as an executive in the employment of Author Services, Inc., since its inception in November, 1981, and I have personal knowledge of all the facts presented in this declaration regarding the handling of L. Ron Hubbard's business and financial affairs.

2. Before detailing the relevant information for the Court, I will provide the Court with some background information concerning myself. I am thirty-seven years old and have a Bachelor of Science degree in Business Administration, awarded by the University of California, Berkeley, in December, 1968. I also have a Master of Business Administration degree, awarded at the University of California, Berkeley, in September, 1969. I have eight years of experience in public accounting and hold a certified public accountant certificate from the State of California, which certificate is currently on an inactive status. Before joining Author Services, Inc., I held the post of Investment Officer International for the Church of Scientology for two years. My job description in that capacity included primary responsibility for real estate acquisition throughout the world, investment of Church reserves and currency and valuable metals, and other areas of financial management.

3. In or about May, 1982, L. Ron Hubbard engaged Author Services, Inc., a California corporation, to perform

1 certain business and management services, including but not
2 limited to the following:

3 (a) To collect all income paid to Mr. Hubbard
4 from any source and to deposit said funds in
5 financial institutions of the client's selection;

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7 (b) To pay Mr. Hubbard's business and other
8 obligations as specified by him;

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10 (c) To advise Mr. Hubbard in connection with gen-
11 eral business and investment programs, including
12 the research and analysis necessary to furnish
13 such advice;

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15 (d) To advise Mr. Hubbard concerning the sale of
16 other commercial exploitation of his literary pro-
17 perties and related rights, to seek and analyze
18 prospective exploitation opportunities with res-
19 spect to such properties, to find literary agents,
20 public relations companies, publishers and pro-
21 ducers, and act as liason between them and the
22 client to negotiate sale and exploitation agree-
23 ments on his behalf;

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25 (e) To monitor and report to Mr. Hubbard on the
26 exploitation of the client's literary properties
27 in the various media;
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1 (f) To retain the services of copyright and other
2 attorneys, accountants and other advisors in Mr.
3 Hubbard's behalf when Author Services, Inc., con-
4 sider it necessary for the proper rendering of
5 services under the agreement;

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7 (g) To keep and maintain Mr. Hubbard's books and
8 records and to cause to be prepared and transmit-
9 ted weekly reports concerning Mr. Hubbard's finan-
10 cial affairs;

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12 (h) To cause to be prepared the appropriate state
13 and federal income tax returns.

14 Notwithstanding the foregoing, Mr. Hubbard's agreement with
15 Author Services, Inc., specifically provides that Author
16 Services, Inc., shall not have the right to provide address-
17 es for service of process or to accept service of process on
18 behalf of Mr. Hubbard or to make any investment on his be-
19 half, or to assume or to assert ownership of any of his as-
20 sets.

21 4. Pursuant to the above-described agreement with Mr.
22 Hubbard, Author Services, Inc., has carried and does carry
23 out these functions on Mr. Hubbard's behalf, has consistent-
24 ly performed its obligations under the agreement, and has
25 never exceeded or violated its obligations and duties to Mr.
26 Hubbard under the agreement.

1 5. My duties at Author Services, Inc., include direct
2 supervisory responsibility for Mr. Hubbard's accounting,
3 contractual affairs, estate planning and preservation, tax
4 planning and reporting, and other legal matters.

5 6. As part of its obligations to Mr. Hubbard under
6 the above-described agreement, Author Services, Inc., has
7 engaged various expert counsel to render advice in the areas
8 of business planning, tax, copyright and trademark law and
9 other similar matters on Mr. Hubbard's behalf. I am specif-
10 ically authorized by Mr. Hubbard to act as his liason in
11 dealing with a variety of specialist attorneys. In carrying
12 out these responsibilities, I have worked and do work with
13 and seek advice from attorney Sherman Lenske of Lenske,
14 Lenske, Heller and Magasin on general corporate and
15 contractual matters. In addition, the services of attorneys
16 Meade Emory and Leon Mistereck of Le Sourde, Patton,
17 Flemming, Hartung and Emeory have been obtained on tax mat-
18 ters. Similarly, the services of attorneys Thomas Small and
19 Joan Kupersmith of Fulwider, Patton, Rieber, Lee and Utecht
20 have been obtained on trademark, patent and copyright mat-
21 ters.

22 7. Sherman Lenske, of Lenske, Lenske, Heller and
23 Magasin, acts principally as general counsel to Mr. Hubbard
24 in connection with his business and literary affairs. In
25 this capacity, he has coordinated the representation of the
26 various attorneys hired by Author Services, Inc., on Mr.
27 Hubbard's behalf, and he additionally reviews all proposals
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1 and advice rendered by the other attorneys retained for Mr.
2 Hubbard.

3 8. In addition, the certified public accounting firm
4 of Greenberg and Jackson has been and is retained in connec-
5 tion with all tax reporting and other financial matters on
6 Mr. Hubbard's behalf.

7 9. All investment and financial proposals that are
8 submitted to Mr. Hubbard by Author Services, Inc., are, as a
9 policy matter, first checked by the appropriate attorneys
10 and other professionals described above. For example, all
11 tax advantaged investments are verified by the tax attorneys
12 as being in compliance with applicable tax law before
13 submission to Mr. Hubbard for consideration. The same is
14 true with respect to other matters.

15 10. Under its agreement with Mr. Hubbard, Author
16 Services, Inc., handles all of the administrative work and
17 makes recommendations on various business, financial,
18 investment, and literary matters. It is Mr. Hubbard who
19 makes the final decision on all of these matters, and it is
20 Mr. Hubbard who personally signs all of the contracts,
21 agreements, etc., which are ultimately decided upon.

22 11. Mr. Hubbard acts as the sole signatory on all of
23 his personal bank accounts (with one or two exceptions of
24 joint accounts between Mr. and Mrs. Hubbard). I hold a lim-
25 ited power of attorney over such accounts, but my powers do
26 not extend to the withdrawal or transfer of funds. In the
27 past, others have held such powers of attorney. In no case
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1 has anyone from Author Services acted beyond the authoriza-
2 tions granted in these powers of attorney.

3 12. A small percentage of Mr. Hubbard's funds, desig-
4 nated by him and which are sufficient to cover only current
5 bills and other operating needs, are deposited by Mr.
6 Hubbard in an Author Services, Inc., client trust account,
7 wherein Author Services, Inc., is the signatory. These
8 funds are expended against approved budgets, and full ac-
9 countings of them are provided to Mr. Hubbard on a routine
10 basis.

11 13. With respect to the funds which are maintained in
12 Mr. Hubbard's personal accounts, in which only he is the
13 authorized signatory, an investigation was conducted after
14 the filing of the petition in this case to determine whether
15 any employee of Author Services, Inc., has attempted to
16 forge Mr. Hubbard's signature or to make any unauthorized
17 withdrawals or transfers of funds. Based on this investi-
18 gation, I can say that there has been no instance wherein
19 one of our employees has attempted to forge Mr. Hubbard's
20 signature or to make any withdrawals or transfers not
21 directly authorized and signed by Mr. Hubbard. So far as I
22 have been able to determine, no one from Author Services,
23 Inc., and no one who has ever acted for Mr. Hubbard, has
24 ever been authorized to sign or has in fact signed on any of
25 Mr. Hubbard's accounts with a forged or facsimile signature.

26 14. In addition to being the only signatory on his
27 personal accounts, Mr. Hubbard personally maintains all of
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1 the checks from his various bank and investment accounts in
2 his own possession, and these are not accessible to Author
3 Services, Inc., employees. All proposed expenditures and
4 withdrawals of funds from these accounts are proposed to Mr.
5 Hubbard in writing, and, after his personal approval of such
6 proposals, he prepares the checks and forwards them to
7 Author Services, Inc., for delivery.

8 15. Mr. Hubbard is provided regularly with a full
9 accounting, from Author Services, Inc., of his financial and
10 business affairs.

11 16. In addition to financial reports, Mr. Hubbard is
12 provided with regular full reports on his contractual
13 affairs, sales of literary properties, and other business
14 matters prepared and provided by various employees of Author
15 Services, Inc., who specialize in such concerns.

16 17. Pursuant to Mr. Hubbard's wishes and directions,
17 he has advised Author Services, Inc., that he is desirous of
18 maintaining his privacy and pursuing, undisturbed, his in-
19 tense research and writing schedule. Author Services, Inc.,
20 has not been advised of where Mr. Hubbard is currently
21 residing, or has resided at any point in the last three
22 years or so. This is as Mr. Hubbard wishes it.

23 18. I have reviewed the petition filed by Ronald
24 DeWolf in this case, in particular paragraph 12 of the peti-
25 tion, which alleges various particulars concerning the dis-
26 sipation of Mr. Hubbard's assets. I can state that, in all
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1 material respects, these allegations are completely false
2 and groundless.

3 19. The petition alleges that in March, 1982, offic-
4 als of the Church of Scientology of California surrepti-
5 tiously acquired Mr. Hubbard's copyrights and patent rights
6 to the "E-Meter." This is completely false. Mr. Hubbard
7 has never made such a transfer, and he continues to receive
8 royalties from all of his copyrights and from his patent
9 rights in the "E-Meter." I know this because, as part of
10 its accounting function for Mr. Hubbard, Author Services,
11 Inc., accounts for the funds received by Mr. Hubbard from
12 his continuing ownership of his copyright and patent rights.

13 20. The only transfer of any rights that Mr. Hubbard
14 has made was the following: In May, 1982, Mr. Hubbard
15 transferred, without charge, the trade and service marks of
16 Dianetics and Scientology to a newly formed Scientology
17 corporation, the Religious Technology Center, of Los
18 Angeles, California. The various Churches of Scientology
19 had never paid Mr. Hubbard for the use of these marks, and
20 the gift of these marks did not entail a loss of income to
21 Mr. Hubbard. This transfer was made pursuant to Mr.
22 Hubbard's express wishes that the marks be held in
23 perpetuity by a trusted corporate entity to ensure the
24 purity of the religion of Scientolgy beyond his lifetime.
25 In making this transfer, Mr. Hubbard retained for his estate
26 the right to any commercial application of these trade and
27 service marks.

21. The petition also alleges that on or about June 14, 1982, there was an effort to withdraw an unauthorized two million dollar amount from the E.F. Hutton account of Mr. Hubbard. Without detailing the allegation in the petition, the thrust of the allegation is that Scientology officials were behind this effort. In my job responsibilities at Author Services, Inc., I learned of the circumstances surrounding the above described incident, and they are the complete opposite of what the petitioner alleges. In fact, what occurred was that an individual, using the name Aquil Abdul Amiar, attempted to pass a check from Mr. Hubbard's account and also one from the account of one Indian River Foods, which also had an E.F. Hutton account. The check writing privileges on both Mr. Hubbard's and the Indian River Foods accounts were at the Bank of New England in Boston, and the individual presented both of these checks at the same time to the Mideast Bank of New York. As soon as Author Services, Inc., was advised by the E.F. Hutton account executive for Mr. Hubbard's account, David Brown, of this attempted check cashing, E.F. Hutton was instructed not to honor the check. This instruction was given to David Brown by James Isaacson, who was then employed at Author Services, Inc., but is not now. Subsequent investigation determined that the check number on the check in question was a number that had never been received by Author Services, Inc., or by Mr. Hubbard. Mr. Hubbard wrote a personally signed letter to the Bank of New England advising

1 them of this fact within a few days of the incident. The
2 check was in fact never cashed, due to the actions of all
3 parties concerned to maintain the integrity of the account,
4 including the instructions given by Author Services, Inc.,
5 representatives that the check should not be cashed. All
6 other checks on the account were checks which had been
7 signed by Mr. Hubbard personally and had been properly
8 issued by him for various tax and business matters, and they
9 were honored by the Bank of New England. Author Services,
10 Inc., did everything in its power to determine what the
11 source of the attempted forgery and theft from Mr. Hubbard's
12 account was, including hiring private investigators and
13 having James Isaicson and Sherman Lenske meet with
14 representatives of the Bank of New England, but no satisfac-
15 tory explanation has been found. Apparently, the individual
16 who attempted to obtain the funds was never arrested or
17 found, and the F.B.I., which was brought in to investigate
18 the matter by the bank, has not at this time been able to
19 satisfactorily determine who was involved in this attempted
20 theft. Contrary to the allegations in the petition, Author
21 Services, Inc., acted as quickly as possible to protect Mr.
22 Hubbard's account and to ensure that this forged check was
23 not cashed.

24 22. The third allegation in paragraph 12 is that in
25 June, 1982, Jim Isaacson attempted to sell one million dol-
26 lars of precious stones belonging to Mr. Hubbard, of which
27 he was in the unlawful possession. This is a total and com-
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1 plete fabrication. In the summer of 1982, Mr. Hubbard pur-
2 chased some precious and semi-precious gem stones for
3 investment, as he has done on prior occasions. This
4 transaction involved a purchase for seven hundred fifty
5 thousand dollars of precious gem stones arranged through
6 InterCap, Ltd., a financial advisory firm headed by Jan
7 Goergen, who is an investment advisor with whom Mr. Hubbard
8 has dealt in the past. Mr. Goergen recommended this invest-
9 ment based on the fact that the retail fair market value of
10 the gems was indicated to have an aggregate value in excess
11 of one million three thousand dollars. In addition, inde-
12 pendent appraisals were obtained through Author Services,
13 Inc., to verify that the value of the gem stones was in the
14 area indicated by Mr. Goergen, and this was determined to be
15 the case. Each and every individual gem was inspected and
16 approved by Mr. Hubbard before being personally accepted,
17 and these gems are in Mr. Hubbard's possession, not the
18 possession of Author Services, Inc.

19 23. About the only activity of which I am aware which
20 even approximates the petitioner's allegation is that Mr.
21 Isaacson did, between May and August of 1982, attempt to
22 sell a single two carat rubellite on Mr. Hubbard's behalf.
23 He did this acting on Mr. Hubbard's explicit written
24 instructions. Due to the soft market at the time, Mr.
25 Isaacson was unable to obtain a price which would have
26 generated the profit sought, and the sale was subsequently
27 deferred pending a stronger market. The amount of this
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1 transaction, if consummated, would have been in the range of
2 three to five thousand dollars, not one million dollars.

3 24. It is further alleged that Mr. Hubbard's accounts
4 are being managed by individuals who have routinely forged
5 his signature over the years. This is, once again, a com-
6 pletely baseless allegation. Mr. Hubbard does and always
7 has, so far as I am aware, signed his own name to all of his
8 business and financial matters. During the time that Author
9 Services, Inc., has handled Mr. Hubbard's affairs, no one
10 has signed his name to any checks, contracts, or any other
11 documents. Where employees have powers of attorney for Mr.
12 Hubbard, they act on the basis of that power of attorney and
13 in their own name, not by signing Mr. Hubbard's name. All
14 of the people handling Mr. Hubbard's affairs are working
15 with both diligence and enthusiasm to protect and expand his
16 assets and his estate, and the allegation that we are acting
17 to dissipate his assets is one of the most blatantly false
18 and outrageous allegations that I have ever experienced.

19 25. I wish to tell the Court that the idea that a
20 Scientologist, which I am and am proud to be, would steal
21 from Mr. Hubbard is so contrary to everything that
22 Scientology stands for and to the revered position that Mr.
23 Hubbard holds in the hearts and minds of every Scientologist
24 that it is difficult to convey the depth of anger which
25 such an allegation engenders. To a Scientologist, serving
26 Mr. Hubbard in any capacity is the greatest honor and
27 privilege that one could achieve. That Mr. Hubbard has been
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1 forced to respond to these false allegations, that
2 Scientologists have been forced to respond to these false
3 allegations, and that Mr. DeWolf and his counsel, whose
4 antagonism to Mr. Hubbard and Scientology requires no docu-
5 mentation, can have intruded into Mr. Hubbard's personal and
6 financial affairs is, to me, an abuse of the law and our
7 legal system. I hope that this Court will terminate these
8 proceedings with the greatest dispatch and put an end to
9 any further intrusions into Mr. Hubbard's life and privacy.

10 I declare, under penalty of perjury, that the foregoing
11 is true and correct.

12 Executed at Los Angeles, California on February 12,
13 1983.


LYMAN SPURLOCK

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15 Each document to which this certificate
16 is attached is certified to be a full,
17 true and correct copy of the original
18 on file and of record in my office.

19 Dated: APR 04 1983
20 WILLIAM E. CONERLY, COUNTY CLERK
21 and Ex-Officio Clerk of the Superior Court,
22 County of Riverside State of California

23 By [Signature] Deputy
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